

BEFORE
JAMES R. COX
ARBITRATOR

2003-2004
CEO 892
SECTOR 2

IOWA VALLEY COMMUNITY
COLLEGE DISTRICT

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PUBLIC EMPLOYMENT
RELATIONS BOARD

INTEREST ARBITRATION
2004-2005 AGREEMENT

IOWA VALLEY COMMUNITY COLLEGE
EDUCATION ASSOCIATION/ISEA

DECISION AND AWARD

The Hearing in this matter was conducted by the Arbitrator in Marshalltown, Iowa June 28, 2004. Attorney James C. Hanks presented the District's position while Association Representative Stanley Burke, assisted by Jon Studer, represented the Association. Following presentation of evidence, each Representative made a persuasive closing argument on the single remaining impasse issue – Wages.

THE FACTS

The Arbitrator has, in accordance with applicable provisions of the Iowa Code, selected the most reasonable of the "final offers" on the single impasse item submitted to him by the parties. This selection and matters previously agreed upon¹ shall constitute the new Collective Bargaining Agreement. In reaching my determination, I have applied statutory factors set forth in Section 20.22(9).

May 18th, 2004 the Parties waived the April 16th deadline for appointment of an Arbitrator and continued negotiations on their 2004 – 2005 Contract. Unable to voluntarily reach agreement, the Iowa Valley Community College Education Association and the Iowa Valley Community College District agreed to establish a date for Interest Arbitration that would result in a Contract on or before July 15th, 2004. This Arbitrator was selected to serve. Tentative Agreements had been reached with respect to the Grievance Procedure, Leaves of Absence, Evaluation, Contract Duration, Intellectual Property Rights, Credit Load and Group Hospital, Surgical and Major Medical Insurance issues.

Among Agreements reached June 18th was language on Hospital, Surgical and Major Medical Insurance. The Parties agreed that "the Board would provide each

¹ Association Exhibit 2 sets forth these tentative Agreements signed June 18, 2004

Bargaining Unit Member a fully paid single or family Hospital, Surgical and Major Medical Insurance coverage under the Protector 500 Alliance Select Program sponsored by Blue Cross/Blue Shield. In addition the District will self-fund the difference in benefits between the Protector 500 Alliance Select Plan and the Protector 100 Alliance Select Plan."

June 18th, the Parties reached impasse on the single unresolved issue – Wages. In evaluating that issue the Arbitrator has given consideration to the cost of the Wage and Benefits Package in effect and recognizes the comparatively excellent group Hospital, Surgical and Major Medical Insurance benefits provided. Both parties have used the total package concept in formulating and presenting their cases and the Arbitrator also uses that measure in his analysis.

The Employer's Position

The Board's final offer is that there be no change in the structure of the Salary Schedule and a \$505.00 increase in base salary. They cost their total package at 4.55%.

The final proposal of the Iowa Valley Community College Education Association would bring a total package increase of 5.5%. Base salary would be \$28,088.00, representing an increase of \$808.00 in the salary base or a 2.96% raise. Total salary would increase \$168,692.00 (5.12%), FICA costs \$12,904.00 (5.12%), which along with insurance increases of \$52,978.00 (7.53%), would constitute a total package increase of \$244,946.00 or (5.50%).

Prior Settlements

This Bargaining Unit was certified March 14th, 1986. Since an Impasse Arbitration Award in 1989, the Parties have been able to reach voluntary agreement without an imposed settlement and in most cases resolved their contractual differences even prior to mediation. Except for bargained Agreements for 1991-1992 and 2003/2004, total packages have costed out at less than 5%. Total package increases over these years have averaged 4.47% with wage increases averaging 4.18%.

The most recent wage increase, in Contract Year 2003-2004, was 3.11% with a total package of 5.07%. Insurance costs had increased that year 18.09% - the largest such increase in 10 years. In previous years total package increases were 4.98% for 2000-2001, 4.82% for 2001-2002, 4.51% for 2002-2003 and 5.07% for 2003-2004.

Thus far this year, according to evidence presented by the Board, there have been 10 settlements reported among the 15 Iowa Community Colleges. Total package outcomes are shown as 4.60% at Northeast Iowa, 4.50% at Iowa Lakes, 4.10% at Iowa Central, 4.75% at Eastern Iowa, 5.00% at Kirkwood (the Association reports 5.36%), 4.86% at Des Moines, 4.83% at Southwestern (the Association reports 4.11%), 3.57% at North Iowa(NCC), 4.8% at Iowa Hills (IHCC) and 4.25% at Southeastern. The parties dispute whether Western Iowa Tech had concluded their negotiations. The Association asserts that there had been a settlement there of 5.40%. The District, based upon direct knowledge, says no agreement had been reached in that District.

The Association reports settlements in nine Colleges with an average total package of 4.65% for this 2004–2005 Contract Year. The District reports Fiscal Year 2005 Settlements in ten Districts as having averaged 4.53%.

Last Contract Year, Fiscal Year 2004, salary issues settled with 3.86% increases and total package increases within the comparable group were 4.88%, generally consistent with the previous fiscal year where salary increases had averaged 3.95% with a total package of 4.97%. To reiterate, at Iowa Valley the unusually large insurance increase was a major factor in the size of last year's total package – 5.07%.

Comparatives

As the Association correctly points out, from a national perspective, Iowa Community College faculty salaries are comparatively low. In 2002-2003 Community College faculty salaries in Iowa ranked 33rd nationally – \$10,657.00 under the national average of \$52,347.00. On the other hand, salaries at the four-year institutions in Iowa ranked 9th nationally in 2002-2003. They had been ranked 5th the previous school year.

Even within Iowa, faculty at Community Colleges are paid less than faculty members at Iowa's universities. According to the National Center for Education Statistics and a salary survey for 2002-2003 and previous years, four-year public institution faculty members had an average salary of \$26,414.00 more than the average Community College faculty member! The average salary for faculty on 9/10 month contracts in Iowa during 2002-2003 was \$41,690.00 and at Iowa Colleges \$68,104.00. The parties cannot be expected to redress this unfortunate disparity during these negotiations. In fact, the Parties are in agreement that Iowa Community Colleges constitute the appropriate comparability group since the faculties in those institutions do comparable work and the institutions are similarly funded with similar functions. Let's look at Iowa Valley.

In 2003 Iowa Valley Community College had 78 faculty members on 9-month contracts. Six other Community Colleges - Iowa Western Community College, Hawkeye Community College, Northeast Iowa Community College, Eastern Iowa Community College, Kirkwood Community College and Des Moines Area Community College - had larger faculties. Iowa Valley served 2,335 students that year, about 3% of the total student population, full and part-time, attending Community Colleges in Iowa and ranks toward the middle in tax effort in supporting its programs.

A comparative analysis of average salaries for faculty on 9/10 month contracts in the two-year Iowa Community Colleges during the 2002-2003 period shows Iowa Valley tied with Northeast Iowa² for the ninth rank 9th among the 15 institutions with an average salary of \$39,700.00, compared to the state-wide average of \$41,700.00. The previous term Iowa Valley had ranked 5th with an average faculty salary of \$40,200.00 - \$2,000.00 behind the state-wide average. Comparing actual salary with bargained salaries, and factoring in turnover and other factors, there was a savings of \$141,418.00 for year 2003-2004 and a savings on the basis of the total package of \$207,927.00. When the non contributory insurance benefit is considered along with salary, Faculty at Iowa Valley are in a must better comparative position.

² Association 11 shows that this year Northeast Iowa settled with a total package increase of 4.60%

Insurance

The comparative relationship of the insurance component to the total package before me is of paramount significance in evaluating the reasonableness and fairness of the final offers on salaries. I recognize that last year there was a very large insurance increase which would appear to have held down the wage increase and that the Association appears to be seeking to catch up on salaries. That increase has continuing effect as it provide a larger base for subsequent increases. It is especially noteworthy that, premiums per employee paid by Community Colleges are a major part of teacher compensation and, among the 15 Community Colleges, only Southwestern, Northeast Iowa and Iowa Lakes had greater premium costs per employee in 2003-2004 than Iowa Valley! This aspect of employee compensation is often called the "*hidden paycheck*". Most significant is that all those premium costs at Iowa Valley are fully paid by the College.

Despite the fact that this Bargaining Unit is among those Community Colleges with the highest health insurance premiums and provides coverage fully paid by the College, we find that the \$41,262.00 nine month average wage at Iowa Valley approximates the \$41,531.00 nine month average wage for faculty among Community Colleges.

In evaluating the insurance aspect of the package, there are three primary considerations – the dollar amount of the premium, the non contributory feature and the quality of insurance benefits provided.

Iowa Valley pays 100% of the premiums for single and family coverage! Premiums paid by Iowa Valley per employee during that period were \$10,048.00 – substantially above the system wide average of \$8,673.84. Nevertheless Iowa Valley still provides a nine month average wage of \$41,262.00. Let's look at Southwestern, Northeast Iowa and Iowa Lakes – the only three other institutions in the comparable group with higher premium costs per employee in 2003 -2004. It is significant that each one of those institutions provides lower salaries for their faculty than does Iowa Valley.

While premiums paid per employee at Southwestern were only approximately \$150.00 greater than at Iowa Valley, the nine month average wage salary at Southwestern is only \$31,865.00 - well below the \$41,262.00 at Iowa Valley. At Northeast Iowa Community College, premium costs were much higher than at Iowa Valley - \$11,203.00 - against an average salary of \$41,142.00 and, at Iowa Lakes, where insurance costs are \$12,193.00, the salary average is \$39,095.00, must less that at Iowa Valley.

Examining employee out of pocket costs for insurance in those Districts where the College pays 100% of the premium, we again find Iowa Valley compares very favorably. Their Plan has the lowest deductibles for both single and family coverage and a 90/10 co-insurance provision with a \$500.00 maximum out-of-pocket for single coverage. Northeast Iowa and Northwest Iowa do have lower maximum out-of-pocket limits (at \$600.00 and \$700.00) for family coverage than Iowa Valley's limit of \$1,000.00. However Northeast Iowa has an 80/20 co-insurance provision and a higher \$300.00 for family coverage compared to the more favorable \$200.00 at Iowa Valley.

Other considerations

The Association argument is broader than examining salary and insurance comparatives. They argue that staff has been cutback with a consequent increase in teaching load. The parties have addressed this issue to some extent by requiring that the Chief Academic Officer consult with his counterparts at other Iowa Community Colleges regarding credit load issues associated with vocational/technical instruction and report to a Joint Study Committee which is to make recommendations on that issue no later than February 1, 2005.

In addition to staff cutbacks, the Association points out that full and part-time credit enrollment has accelerated with a 11.72% increase at Iowa Valley from Fall 2002 to Fall 2003 – a numerical increase in enrollment of 245. Comparing fall 2004 with fall 2003, credit hours are up 21.3%. Student count has reached 1,393, an increase of 239 from fall 2003 or a 20.7% increase at all Iowa Valley Community College facilities. The increase at Ellsworth is particularly significant. According to the Director of Enrollment Services, *"We have more credit hours being taken and more full-time students enrolled at all locations...and this doesn't count all of our contracted classes offered in area high schools or students who will enroll for second half-term courses"*.

In a second prong to their argument on teaching load, the Association asserts that not only is the total package increase they seek justified by the described increased workload, but there has been a disproportionate allocation of resources for administration wages and benefits. They provide a retrospective analysis.

While full-time faculty in the Bargaining Unit has increased from 73 in 2001-2002 to 79 in 2003-2004, more than ten years ago and prior to 1998-1999 there had been more than 80 on staff. Recently the number of full-time administration personnel, which was 63 and 67 in 2001 and 2002, reached 74.86 in 2003-2004. However, it is not only staffing changes that concern the Association.

In addition to comparatively greater staff size increases for the administration, their wage and benefit raises were shown as totaling 12% and 13% over the past two years compared with those for Bargaining Unit faculty which Association Exhibit 8 shows as 6% and 8% .

The Bargaining Union faculty presently numbers 78 augmented by 3 regular part-time and 136 adjunct faculty members. The administrative staff includes 82 full-time and 9 regular part-time personnel. The relationship of the increased number in adjunct faculty to the increase in administrative staff was not shown nor were the proportions of adjuncts to regular faculty over the years depicted.

The Board attributes part of the recent increase in the number of administrators to reclassification of office associates to administrators and reclassification of faculty into administrative positions.

While recent changes are understandably of greater concern to the faculty, in illustrating faculty/administration relationships, the Board compares historic per diem wages and wage percent increases awarded to each of the groups over the period 1991

through 2003. This data shows an increase for administrators of 18% but a larger increase in faculty wages - a 29% increase in per diem. The Board points out that the present College president has a salary which only ranks 14th among the 15 Community Colleges - a matter of little significance here.

There is no inability to pay argument here. There is an objective to maintain fiscal stability. The Board asserts that local property tax valuations are decreasing and that considering a number of factors they identify in their Brief, it is likely that an 8% to 10% increase in tuition will be necessary to bring the District budget into balance. The District states that they had deferred security staff expense, frozen some staff vacancies and consolidated duties and increased use of adjunct staff. There have been cut backs in supply budgets and eliminated the State Technical Equipment funds. They now rely on the 3 and 6 cent levies which they maintain are decreasing. Their Exhibits support their position on tax effort.

On the other hand, the Association draws the Arbitrator's attention to the fact that Community Colleges have received a relatively large State Aid increase - the largest since Fiscal Year 2001. I also recognize the effect of the tuition increase and the dollars that increased enrollment has brought. In Tuition levels and fees per credit hour Iowa Valley ranks highest among comparables.

Against this background, the Association shows that salaries have declined as a percent of total expenditures since 1993 and that the Fiscal 2003 percentage of 31.93% ranks Iowa Valley 8th among the 15 Community Colleges - below the state average of 34.38%. I am informed by the Association that instructional salaries have increased 21.51% from Fiscal Years 1993-2003, whereas total District salaries rose 39.50%. There are other increases - cost for services increased 60%, materials and supplies 18% and other current expenses rose 182%.

The Fiscal Year 2003 unrestricted fund balance of \$1,799,655.00 is the highest since Fiscal Year 1990 and constitutes 11.39% of expenditures, ranking it 7th among the 15 Community Colleges and above the state average of 10.61%.

AWARD

Having considered past collective bargaining settlements and compared wages and wage patterns, Community College insurance costs, hours, teaching load and related conditions of employment of this Unit with those in other comparable Units and given consideration to the interests of the public, the ability of the employer to finance the economic adjustments and the effect of such adjustments upon education in the District, I find the final offer of the Board to be the most reasonable last position.

While the Association seeks a total package increase of 5.5%, only in 1990/1991 has there been a total package increase in this Unit in excess of 5.07%³ and that size increase is well beyond other package settlements this year. A review of the evidence does not show justification for the sought increase in salary primarily because it would unreasonably increase the total package in this Unit. Such a salary increase - an

³ Wages did increase 5.71% in 2001/2002 when insurance costs declined 3.51%.

increase of \$808.00 in the base for a 2.96% raise - would put the total package increase appreciably above the average settlement among Colleges in the comparable unit. The costs of the rich insurance component of the package at Iowa Valley has the effect of holding down salary increases in a unit where, as the figures show, salaries are relatively high considering the cost of the insurance provided being paid by the Employer. The parties have demonstrated a preference for high end non contributory insurance benefits rather than wages. This year insurance costs – without any new benefits - were shown to have increased \$52,978.00, a substantial percentage of the overall package sought.

There was insufficient evidence of any justification for a 5.5% increase to this package considering settlements this year among the Community College comparables – almost all of which pay lower insurance premium costs - and the lack of any compelling development at Iowa Valley which would justify what amounts to about a .75%% departure from the pattern.

Recognizing the evidence discussed above and applying statutory provisions, I find the final position of the Employer as set forth above on page 2 to be the most reasonable.


James R. Cox
Arbitrator

Issued this 7th of July 2004.

CERTIFICATE OF SERVICE

I certify that on the 7th of July 2004, I served the foregoing Award upon each of the parties to this matter by mailing a copy to them at their respective addresses.

James Hanks
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Suite 116
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I further certify that on that same date, I have served this Award for filing with the Iowa Public Employment Relations Board by mailing a copy to their offices at 514 East Locust, Suite 202, Des Moines, Iowa 50309


James R. Cox